

# Financial well-being is a triad of security, freedom and pleasure

(Marcel Lukas)

with Leonore Riitsalu, Rauno Pello and Adele Atkinson

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## Financial Service Providers and Financial Health

September 2021



**Financial Health:**  
An Introduction for Financial Sector Policymakers  
UNSGSA Financial Health Working Group

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# 28 banks collectively accelerate action on universal financial inclusion and health



- *The Principles for Responsible Banking's [Commitment to Financial Health and Inclusion](#) is a first-of-its-kind accelerator initiative of the banking sector to promote universal financial inclusion and health*
- *28 signatory banks have joined the leadership group by signing the Commitment*
- *Targets are to be set and published within 18 months from signing, with annual reporting requirement thereafter*

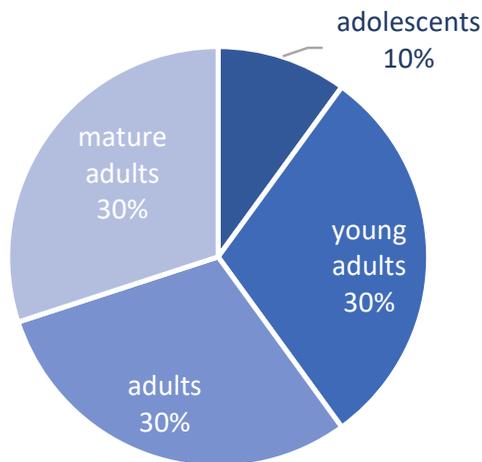
**Geneva, 2 December 2021** – A group of 28 banks under the [Principles for Responsible Banking](#) (PRB) has founded a first-of-its-kind commitment to promote universal financial inclusion and foster a banking sector that supports the financial health of customers. This marks the start of a collective journey to accelerate action on financial health and inclusion, alongside some other critical topics of our times, such as climate change, nature loss and pollution.

- “*research on FWB is still at its nascent stage*” (Kaur et al., 2021)
- “*researchers could take advantage of qualitative methods to understand more about the personal aspects and experiences of financial and economic well-being*” (Wilmarth, 2021)
- “*instead of designing financial education initiatives that translate the world of finances into human language, policy-makers and the financial sector should learn more about the lives of individuals and translate these into financial services, education and policy*”  
(Riitsalu, Atkinson & Pello, 2023)

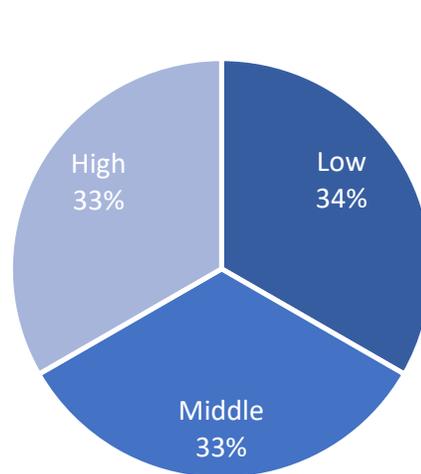
**What is the meaning, structure,  
and essence of financial well-being  
for people?**

- Phenomenology, aiming to describe and define financial well-being through the descriptions provided and understandings shared by the participants.
- Semi-structured interviews:
  - I. Introduction, primer and background — *'let's talk about your life and wellbeing'*.
  - II. Financial talk — *'let's talk about your life and money and finances'*
- Thematic analyses; familiarisation with data, initial code generation, theme identification, themes review, themes definition and reporting on results

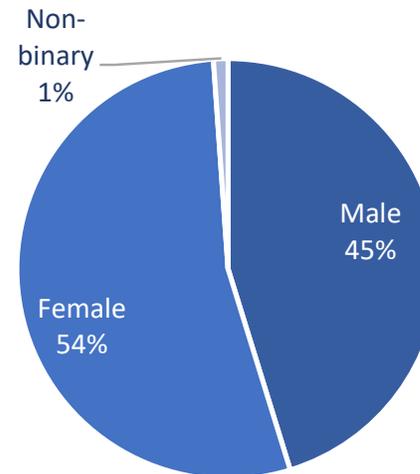
- **630 people**, 90 people per country:
- 81 adults = Adults (3) x Incomes (3) x Employment (3) x Identity (3)
- 9 teens = Adolescents (1) x Incomes (3) x Identity (3)



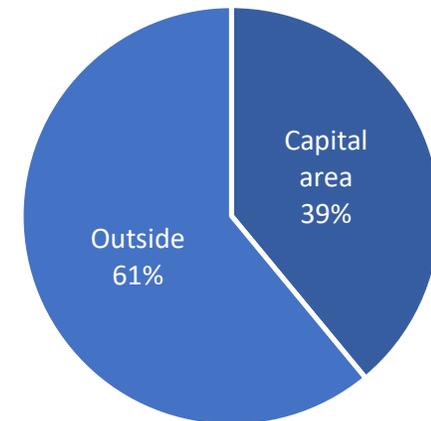
Age bracket distribution of the sample



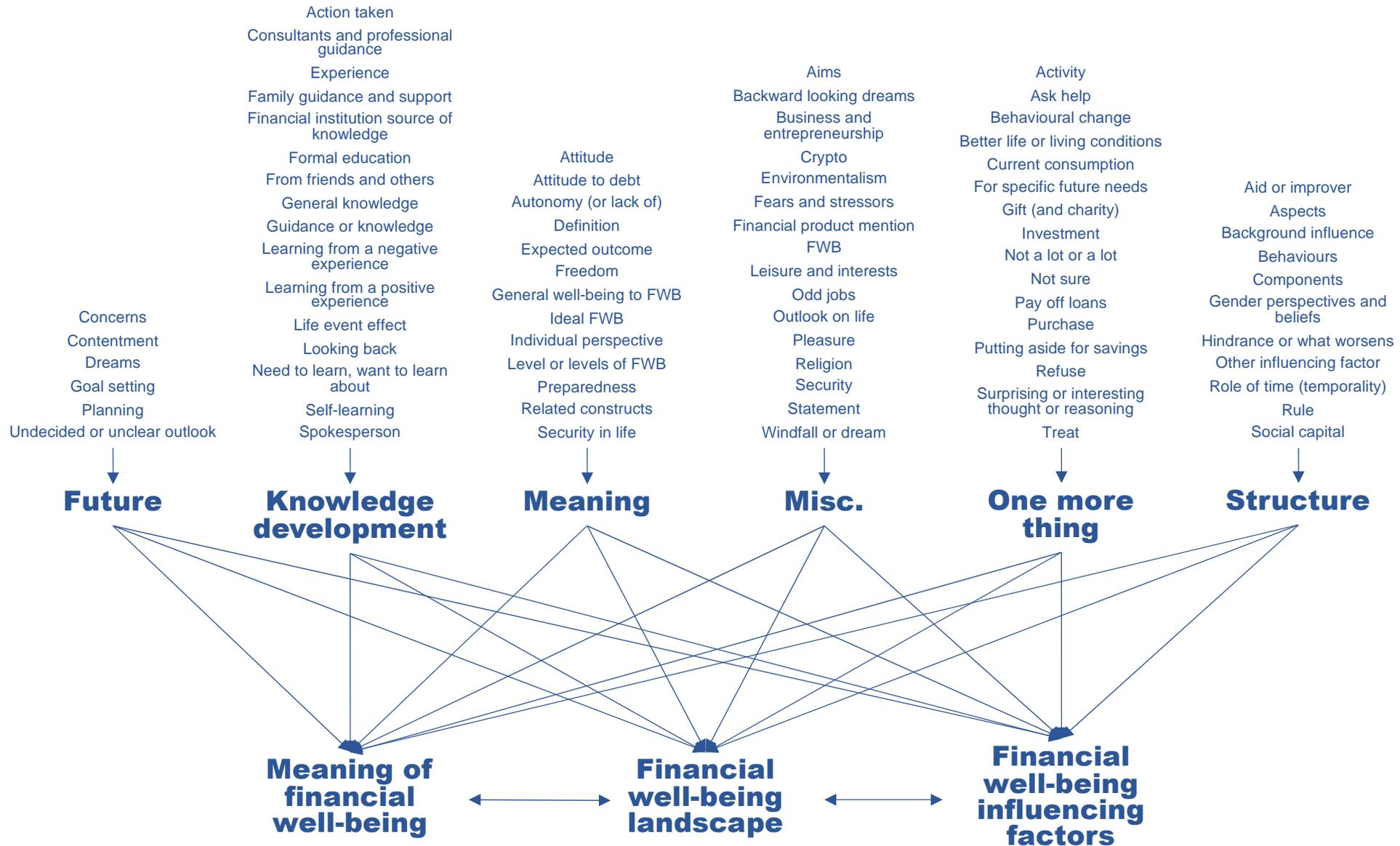
Income levels distribution of the sample



Gender distribution of the sample



Regional distribution of the sample



# Word association – tell me the first thing that comes to mind



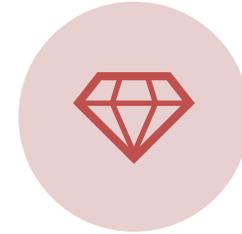
*MONEY*



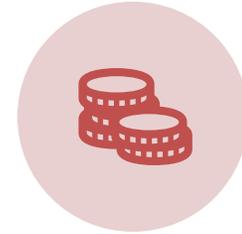
*SAVINGS*



*DEBT*



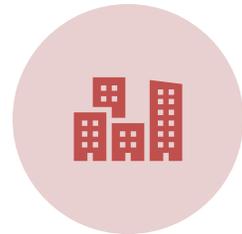
*RICHES*



*WEALTH*



*FORTUNE*



*ASSETS*



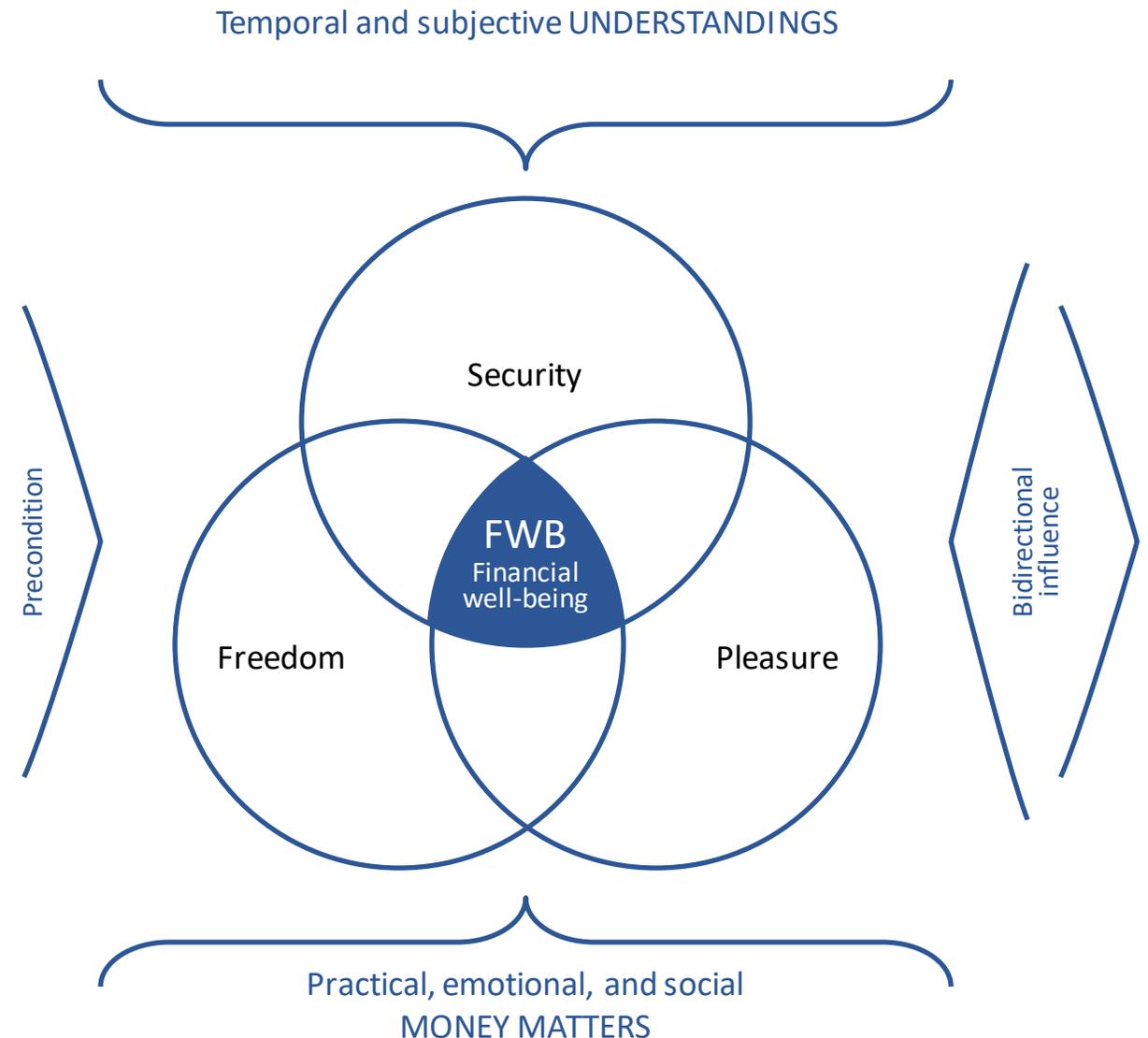
*INVESTMENTS*







- Financial well-being involves **practical**, **emotional**, and **social** money matters that lead to **security**, **freedom**, and **pleasure**. Assessment of these both influence and are influenced by overall well-being and **can change over time**.
- **Security.** Feeling secure in life now and in the future. Being able to pay bills, afford food, having enough set aside for unexpected expenses.
- **Freedom.** Individuality, freedom of choice and independence in decision-making, not letting money dictate their choices.
- **Pleasure.** Being able to treat oneself and others. Accounting for spontaneity in and enjoyment of life.



1. FWB is perceived as *having peace of mind*.
2. FWB is intertwined with subjective well-being (*feeling good and functioning well*; Ruggeri et al., 2020) and may even be inseparable from it in respondents' minds.
3. Many are rather content with their FWB and do not wish it to be improved by anyone.
4. Most do not explicitly think of finances, not in financial terms.
5. Investments and financial assets are seen to be risky, a burden, a source of stress, and even a gamble.

- Security and freedom have been included in previous conceptualisations of FWB (Brüggen et al., 2017; Netemeyer et al., 2018), but not pleasure.
- Enjoyment of life (CFPB, 2017) and hedonic perspective (Salignac et al., 2020) have been mentioned but the three components have not been included in the FWB concept before.
- FWB is a subjective concept that is composed of multiple elements (Barrafrem et al., 2020b; Netemeyer et al., 2018; Riitsalu & van Raaij, 2022), relates to avoiding stress and feeling secure (Lind et al., 2020; de Bruijn & Antonides, 2020).
- The meaning and assessment of FWB and its components can change over life-stages (Riitsalu, et al. 2023).



Policymakers and the financial sector should develop interventions that give people awareness that there are 3 elements to consider – security, freedom and pleasure – and support them in finding their perfect balance.



Policies should consider the role of life balance in FWB and encourage a healthy balance between work, leisure, and personal growth, therefore, help in finding peace of mind.



Policymakers should consider strategies to boost financial confidence and competence, not just financial literacy.



Financial sector institutions need to talk in human language about supporting security, freedom and pleasure, instead of talking about finances and financial services.

Thank you very much for your attention

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